

Annex II
International comparison of tax systems

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Table A1. **Personal income tax**
Rates in percentage, 1998

	Highest and Lowest marginal PIT rates	Number of PIT tax Schedules	Zero-rated band	Tax credit	Unit of taxation 1995 ¹	Average effective household tax rate 1991-96 ²
United States	15-39.6	5	Yes	No	Joint	14.4
Japan	10-50	5	Yes	No	Ind	10.8
Germany	Yes	No	Joint	15.8
France	10.5-54	6	Yes	No	Joint	9.8
Italy	18.1-45.5	7	No	Yes	Ind	15.9
United Kingdom	20-40	3	Yes	No	Ind	12.9
Canada	17.51-31.3	4	No	Yes	Ind	21.3
Australia	20-47	4	Yes	No	Ind	20.4
Austria	10-50	5	No	Yes	Ind	14.4
Belgium	25.75-56.65	7	Yes	No	Ind	19.3
Czech Republic	15-40	5	Yes	No	Ind	9.3
Denmark	8-29	3	Yes	No	Ind	39.8
Finland	6-38	6	Yes	No	Ind	29.5
Greece ³	5-40	4	Yes	No	Ind	4.4
Hungary	20-42	6	No	Yes	Ind	12.1
Iceland	29.31-34.41	2	No	Yes	Ind	..
Ireland	26-48	2	Yes	No	Opt	17.7
Korea	10-40	4	No	No	Ind	5.6
Luxembourg	6-32	10	Yes	No	Joint	..
Mexico ⁴	3-35	8	No	Yes	Ind	6.7
Netherlands	8.85-60	3	Yes	No	Ind	18.1
New Zealand	15-33	2/3	No	.. ⁵	Ind	25.4
Norway	18.8-32.5	3	Yes	No	Opt	19.2
Poland	19-40	3	No	Yes	Opt	11.9
Portugal	15-40	4	No	Yes	Joint	9.5
Spain	17-47.6	8	Yes	No	Opt	13.3
Sweden	25	1	Yes	No	Ind	30.9
Switzerland ⁶	0.77-13.2	10	Yes	No	Joint	21.1
Turkey	25-55	7	Yes	No	Ind	..

1. Ind = Independent taxation of husband and wife; Joint = Joint taxation of husband and wife; Opt = Option different systems.

2. Taxes on income, profits, capital gains of individuals (including social security contributions) divided by wages and salaries plus property and entrepreneurial income of the self-employed.

3. For 1997.

4. In the case of Mexico, the tax on individual income is applicable to wage earners only; self-employed are taxed under the corporate income tax regime. Data for self-employment income and household property income are estimated from the 1994 household survey.

4. A rebate in the form of a tax credit is granted for those with low incomes. The rebate converts the statutory two step scale into a three step scale with positive rates.

5. Include all (private) medical insurance premiums in household taxation.

Source: The OECD Tax Data Base.

Table A2. **VAT**
Rates in per cent, 1996

	VAT standard rate	VAT in per cent of total tax revenue	VAT revenue in per cent of GDP	Productivity ¹	Effective VAT ²	Example of zero-rated goods
United States	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Japan	5.0	5.3	1.5	50.5	2.6	None
Germany	15.0	17.6	6.7	44.7	11.6	None
France	20.6	17.2	7.9	38.2	14.3	None
Italy	19.0	13.0	5.6	29.6	9.6	Books, newspapers
United Kingdom	17.5	19.4	7.0	39.9	10.6	Food, books, children's clothing
Canada	7.0	7.0	2.6	36.6	4.4	Medicine, exports, agriculture
Australia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Austria	20.0	19.1	8.4	42.1	16.2	None
Belgium	21.0	15.2	7.0	33.4	12.5	Car for handicapped, newspapers
Czech Republic	22.0	19.5	7.2	32.7	..	n.a.
Denmark	25.0	19.5	10.2	40.8	22.1	Newspapers
Finland	22.0	17.1	8.2	37.4	17.0	Newspapers, vessels, international transport
Greece	18.0	22.7	9.2	51.2	10.9	None
Hungary	25.0	18.6	7.5	30.0	..	n.a.
Iceland	24.5	29.1	9.4	38.4	17.1	International transport, food
Ireland	21.0	20.9	7.0	33.5	15.5	Books, medicine, seeds
Korea	10.0	18.5	4.3	43.1	..	n.a.
Luxembourg	15.0	15.0	6.7	44.7	..	None
Mexico	15.0	17.7	2.9	19.2	4.4	Medicine, food, exports
Netherlands	17.5	16.1	7.0	39.8	13.0	None
New Zealand	12.5	23.6	8.5	67.7	15.3	Exports, fine metal
Norway	23.0	21.0	8.6	37.5	21.2	Books, newspapers
Poland (1998)	22.0	20.8	7.8	35.4	11.7	Books, magazines, agricultural inputs
Portugal	17.0	22.8	8.0	46.9	13.5	None
Spain	16.0	16.3	5.5	34.4	9.4	None
Sweden	25.0	13.5	7.0	28.1	14.1	Commercial aircrafts, medicine
Switzerland	6.5	9.5	3.3	50.6	5.5	None
Turkey	15.0	23.8	6.0	40.3	9.2	None

1. VAT productivity is VAT revenue in per cent of GDP divided by standard VAT rate.

2. Effective VAT rate is VAT revenue divided by base (consumption).

Source: OECD, Revenue Statistics of OECD Member Countries.

Table A3. **Central government corporate taxes**

Per cent

	Type of corporate tax system ¹	CIT statutory tax rate 1991	CIT statutory tax rate 1998	CIT revenue in per cent of GDP 1996
United States	Classical	34	35	2.7
Japan	Classical	38	34	4.7
Germany	Split rate with full imputation	50-36	42-56	1.4
France	Full imputation	34-42	33-36.7	1.7
Italy	Full or partial imputation	36	37	4.0
United Kingdom	Partial imputation	34	31	3.8
Canada	Partial imputation	28	28	3.3
Australia	Full imputation	39	36	4.7
Austria	Classical	30	34	2.1
Belgium	Classical	39	39	3.1
Czech Republic	Partial deduction of dividends paid	..	39	4.2
Denmark	Partial credit	38	34	2.4
Finland	Full imputation	23	28	3.2
Greece	..	46	35-40 ²	2.6
Hungary	Classical		18	1.9
Iceland	Partial deduction of dividends paid	45	30	0.9
Ireland	Partial imputation	43	32	3.2
Korea	Partial credit			2.7
Luxembourg	Classical	33	30	7.2
Mexico	Full imputation	..	34	2.3
Netherlands	Classical	35	35	4.1
New Zealand	Full imputation	33	33	3.5
Norway	Full imputation	27	28	4.3
Poland	Classical	..	34³	2.8⁴
Portugal	Partial credit	36	34	3.3
Spain	Partial deduction of dividends paid	35	35	2.0
Sweden	Classical	30	28	2.9
Switzerland	Classical	4-10	7.8 ⁵	1.9
Turkey	Partial credit	49	25	1.5

1. A classical system does not give shareholders credit for corporate taxes paid on dividend distributions. A full imputation system gives the shareholder a full tax credit for corporate taxes paid on dividend distribution (*i.e.* it eliminates double taxation of dividends). Partial credit systems retain some double taxation of dividends. Split rate systems impose different corporate tax rates on retained earnings than on distributed earnings (which may also be given full or partial imputation).

2. 1997.

3. CIT rate of 34 per cent in Poland is for 1999.

4. 1998.

5. The figure for 1998 is a net rate. The federal tax is deductible from its own base.

Source: The OECD Tax Data Base.

Table A4. **Social security contributions**

Per cent

	1997	1997	1994	1996	1996
	Employee's social security contributions/labour cost ¹	Employer's social security contributions/labour cost ¹	Use of income ceiling ¹	Social security contributions and payroll taxes/total tax revenue	Social security contributions and payroll taxes/GDP
United States	7	7	Yes	24.7	7.0
Japan	7	7	No	36.5	10.4
Germany	17	17	Yes	40.6	15.5
France	13	29	Yes	45.4	20.8
Italy	7	32	No	34.3	14.8
United Kingdom	8	9	Yes	17.3	6.2
Canada	5	6	No	16.3	6.0
Australia	2	0	No	6.7	2.1
Austria	14	24	Yes	41.1	18.1
Belgium	10	26	No	32.3	14.9
Czech Republic	9	26		42.0	17.0
Denmark	10	0		3.6	1.9
Finland	6	20	No	25.8	12.4
Greece	12	22	No ²	31.4	12.8
Hungary	8	32		33.9	13.7
Iceland	0	4	No	8.6	2.8
Ireland	5	11	Yes	14.6	4.9
Korea	4	7		9.4	2.2
Luxembourg	11	12		26.6	11.9
Mexico	2	24	No	16.9	2.7
Netherlands	30	7	Yes	39.6	17.1
New Zealand	0	0	No	1.0	0.3
Norway	7	11	No	23.3	9.6
Poland³	0	33⁴	No	31.8	13.4
Portugal	9	19	No	25.7	9.0
Spain	5	24	No	35.9	12.1
Sweden	4	25	No	32.4	16.8
Switzerland	10	10	No	37.4	13.0
Turkey	9	13	Yes	15.8	4.0

1. Single individual at the income level of the average production worker.

2. 1993.

3. In early 1999, social security taxes were split between employers and employees.

4. Including labour fund contribution.

Source: OECD, The Tax/Benefit Position of Employees and Revenue Statistics of OECD Member Countries.

Table A5. **Taxation of interest income, dividends, capital gains and private pensions**

	Taxation of interest income from bank deposits 1998 ¹	Taxation of interest income from Government bonds 1998 ¹	Taxation of dividends 1998 ¹	Taxation of capital gains (top rate of taxation)	Contributions to private pension funds	Pension fund annuities
United States	As ordinary income	As ordinary income ²	As ordinary income	Taxed generally at 20 per cent	Deductible	Taxed
Japan	20 per cent WT	20 per cent WT	Depends on amount of dividend	For listed companies: 20 per cent plus 6 per cent local tax	Deductible	Taxed
Germany	31.5 per cent TC	31.5 per cent TC	As ordinary income or with 48.47 per cent tax credit	Generally exempt	Depends on type of pension	Taxed
France	15 per cent WT ³	15 per cent WT ³	As ordinary income or with 33.33 per cent tax credit	Flat rate of 26 per cent	Deductible	Taxed
Italy	27 per cent WT	12.5 per cent WT	12.5 per cent WT or as ordinary income with 10 per cent tax credit	Rate of 12.5 per cent on non-substantial holdings	Deductible	Taxed
United Kingdom	As ordinary income 20 per cent TC	As ordinary income 20 per cent TC	As ordinary income with 20 per cent tax credit	As ordinary income	Deductible with limits	Varies
Canada	As ordinary income	As ordinary income	Dividends are grossed-up by 25 per cent and treated as ordinary income with 13.34 per cent tax credit	Treated as ordinary income	Deductible	Taxed
Czech Republic	15 per cent WT	15 per cent WT	25 per cent WT	Exempt (securities held for more than 6 months)	Taxed	Taxed
Hungary	Exempt	Exempt	20-25 per cent WT	Generally taxed at 20 per cent	Deductible	Exempt
Poland	Exempt	Exempt	20 per cent WT	Exempt	Varies	Varies

Note: WT: Final withholding tax; TC: Withholding tax with a tax credit.

1. For resident individuals.
2. Except for tax exempt bonds.
3. Other taxes also apply.

Source: OECD tax database.